

FILED

APR 08 2011

**TERRE HAUTE CITY COUNCIL
STATE OF INDIANA
RESOLUTION NO. – 04, 2011**

CITY CLERK

A Resolution of the Common Council of the City of Terre Haute, Indiana, Designating an Area Within Terre Haute, Indiana commonly identified as that area consisting of the two blocks located between 6th Street on the West, 6½ Street on the East, 8th Ave. on the North and 6th Ave. on the South, in Terre Haute, Indiana as an Economic Revitalization Area for the Purpose of Ten (10) Year Real Property Tax Abatement for Associated Physicians & Surgeons Clinic III, LLC.

WHEREAS, a Petition for a ten (10) year real property tax abatement has been filed with the Common Council of the City of Terre Haute, Indiana requesting that the real property described therein be designated an Economic Revitalization Area for purposes of real property tax abatement; and

WHEREAS, the petitioner has submitted a Application and Statement of Benefits and provided all information and documentation necessary for the Common Council of the City of Terre Haute, Indiana to make an informed decision, said information including a legal description of the aforesaid property as set forth in attached Exhibit A (which is hereby made a part hereof), and a site plan; and

WHEREAS, petitioner has estimated that its investment in the medical office building project (the "Project") to be located on said real estate itself will create an estimated 10 new physician and 20 new staff permanent jobs associated with the clinic practice over the next 5 years after completion of the Project, as well as retain the existing 33 physician and 160 full-time staff jobs and the associated payroll for the employees of the proposed new facility;

WHEREAS, the Common Council of the City of Terre Haute, Indiana is authorized under the provisions of I.C. 6-1.1-12.1-1 et. seq. to designate areas of Terre Haute, Indiana as economic revitalization areas for the purpose of tax abatement; and


WHEREAS, the Common Council of the City of Terre Haute, Indiana has considered the Application, Petition and Statement of Benefits and has conducted a complete and proper investigation of the subject property and neighborhood to determine that the area qualifies as an economic revitalization area under Indiana statutes; and

WHEREAS, the Common Council of the City of Terre Haute, Indiana has found the subject property to be an area within the boundaries of the City of Terre Haute, Indiana, which area has become undesirable for, or impossible of, normal development and occupancy as it has existed, as a residential neighborhood because of a lack of development, cessation of growth, and deterioration of improvements which have impaired values or prevented a normal development of property or use of property -- and such is an area declining in tax revenues;

NOW, THEREFORE, IT IS FOUND, DETERMINED AND RESOLVED by the Common Council of the City of Terre Haute, Indiana that:

1. The petitioner's estimate of the value of the Project to be built on the subject real property is reasonable for projects of that nature in order to maintain, expand, update and improve the medical services to the community and to provide a state of the art facility for the current employees and physicians to provide expanded services for the community.
2. The petitioner's estimate of the number of individuals who will be employed and retained, and the benefits thereby, can reasonably be expected to result from the Project.
3. The petitioner's estimate of the annual salaries or wages of the individuals who will be employed, and the benefits thereby, can reasonably be expected to result from the Project.
4. The totality of the benefits of the Project are sufficient to justify a ten (10) year property tax deduction from assessed valuation to result therefrom under Indiana statutes, and each and all of such deductions should be, and they are hereby, allowed.
5. The Petition for designating the subject property as an Economic Revitalization Area for the purposes of ten (10) year real property tax abatement and the Statement of Benefits (copies of which were submitted with the Petition) are hereby approved and the real estate described hereinabove is hereby designated as an Economic Revitalization Area pursuant to I.C. 6-1.1-12.1-1 et. seq.
6. A copy of this Resolution, following its passage, shall be filed with the Vigo County Assessor as required by I.C. 6-1.1-12.1-2.5(c).

Presented by:


Todd Nation, Councilman

Passed in open Council this 19th day of April, 2011.

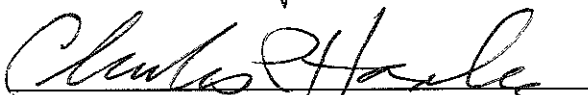


John Mullican, President
Common Council of the City of Terre Haute, Indiana


ATTEST:


Charles P. Hanley, City Clerk

Presented by me to the Mayor this 20th day of April, 2011.


Charles P. Hanley, City Clerk

Approved by me, the Mayor, this 20th day of April, 2011.


Duke Bennett, Mayor
City of Terre Haute, Indiana

ATTEST:


Charles P. Hanley, City Clerk

This instrument prepared by Jeffrey A. Lewellyn, Attorney,
333 Ohio Street, Terre Haute, IN 47807.

**FINAL ACTION BY COMMON COUNCIL OF
THE CITY OF TERRE HAUTE, INDIANA
REGARDING RESOLUTION 04, 2011**

WHEREAS, the Common Council of the City of Terre Haute, Indiana adopted Resolution _____, 2011, on the _____ day of _____, 2011, and pursuant to Indiana Law has published notice of the adoption and substance of said Resolution including a description of the affected area, commonly known as that area consisting of the two blocks located between 6th Street on the West, 6½ Street on the East, 8th Ave. on the North and 6th Ave. on the South, in Terre Haute, Indiana, and notice that a description of the affected area is available for inspection in the office of the Vigo County Assessor and further stating a date on which the Common Council of the City of Terre Haute, Indiana would receive and hear remonstrances and objections; and

WHEREAS, the Common Council of the City of Terre Haute, Indiana has conducted the hearing as required by law and has received no remonstrances or objections to designation of the affected area as an economic revitalization area or to approval of the Application and Statement of Benefits heretofore filed; and

WHEREAS, said matter is before the Common Council of the City of Terre Haute, Indiana for final action pursuant to Indiana law; and

WHEREAS, the Common Council of the City of Terre Haute, Indiana has received and examined, prior to such hearing, an Application and Statement of Benefits on the form prescribed by the City of Terre Haute and the State Board of Tax Commissioners and proper application for designation and has heard all appropriate evidence concerning the proposed project and has found and does find:

1. The petitioner's estimate of the value of the Project to be built on the subject real property is reasonable for projects of that nature in order to maintain, expand, update and improve the medical services and to provide a state of the art facility for the current employees and physicians to provide expanded services to the community.
2. The petitioner's estimate of the number of individuals who will be employed and retained, and the benefits thereby, can reasonably be expected to result from the Project.
3. The petitioner's estimate of the annual salaries or wages of the individuals who will be employed, and the benefits thereby, can reasonably be expected to result from the Project.
4. The totality of the benefits of the Project are sufficient to justify a ten (10) year property tax deduction from assessed valuation to result therefrom under Indiana statutes, and each and all of such deductions should be, and they are hereby, allowed.

5. That all qualifications for establishing an Economic Revitalization Area have been met.

6. The Petition for designating the subject property as an Economic Revitalization Area for the purposes of ten (10) year real property tax abatement and the Statement of Benefits (copies of which were submitted with the Petition) are hereby approved and the real estate described hereinabove is hereby designated as an Economic Revitalization Area pursuant to I.C. 6-1.1-12.1-1 et. seq.

NOW, THEREFORE, for final action on Resolution 04, 2011, the Common Council of the City of Terre Haute, Indiana, RESOLVES, FINDS AND DETERMINES:

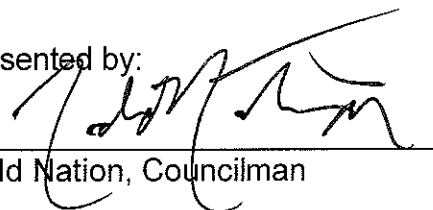
1. That all of the requirements for designation of the real estate described in Resolution 04, 2011, as an Economic Revitalization Area have been met, the foregoing findings are true and that all information required to be submitted has been submitted in proper form.

2. That Resolution 04, 2011, is in all respects confirmed and approved (as modified to incorporate therein this final action); that the benefits of the proposed development are sufficient to justify a ten (10) year real property tax abatement under Indiana statutes for the proposed redevelopment described in the aforesaid Statement of Benefits; the deduction for the proposed project and development, as well as the Statement of Benefits submitted are each and all approved; the Common Council of the City of Terre Haute, Indiana authorizes and directs the endorsement of said Statement to show such approval; that the real estate described in Resolution 04, 2011, is declared an Economic Revitalization Area for the purposes of a ten (10) year real property tax abatement; and the said real estate is hereby designated as an Economic Revitalization Area pursuant to I.C. 6-1.1-12.1-1 et seq.

3. That said Resolution supplements any other designation (if any) of the aforesaid real estate as an Economic Revitalization Area.

4. That this Final Action, findings and confirmation of Resolution 04, 2011, shall be incorporated in and be a part of Resolution 04, 2011.

Presented by:



Todd Nation, Councilman

Passed in open Council this 19th day of April, 2011.

John Mullican, President
Common Council of
City of Terre Haute, Indiana

ATTEST:

Charles P. Hanley, City Clerk

Presented by me to the Mayor this _____ day of _____, 2011.

John Mullican, President
Common Council of
City of Terre Haute, Indiana

Approved by me, the Mayor, this _____ day of _____, 2011.

Duke Bennett, Mayor,
City of Terre Haute, Indiana

ATTEST:

Charles P. Hanley, City Clerk

This instrument prepared by Jeffrey A. Lewellyn, Attorney,
333 Ohio Street, Terre Haute, IN 47807.

**CITY OF TERRE HAUTE
PETITION FOR REAL PROPERTY
TAX ABATEMENT CONSIDERATION**

The undersigned owner(s) of real property located within the City of Terre Haute hereby petition the Common Council of the City of Terre Haute for real property tax abatement consideration pursuant to I.C. 6-1.1-12.1-1, et seq. and for this petition states the following:

1. The Project. Petitioner, Associated Physicians & Surgeons Clinic III, LLC ("AP&S") proposes the construction of a new medical office building on property that is currently on the southern edge of the Union Hospital campus, consisting of the two blocks located between 6th Street on the West, 6½ Street on the East, 8th Ave. on the North and 6th Ave. on the South. The building will be located on an approximately 7.75 acre tract of land to be leased from Union Hospital, Inc.
2. The estimated cost of the medical office building is Eighteen Million Dollars (\$18,000,000.00). The proposed facility will be a 4-story medical building, of approximately 104,000 square feet in size. The project anticipates contracting with UAP Contractors, LLC, a C.H. Garmon & Sons/Thompson-Thrift venture which will involve approximately 150 union laborers at common construction wages and the use of local suppliers whenever feasible through the building process.
3. The project is important to the Petitioner as a means to better serve the needs of the community and those in neighboring communities who seek health care services in Terre Haute. The construction of this facility will be a significant economic catalyst for continued development of the Terre Haute's healthcare services to west central Indiana and east central Illinois. It will reinforce Terre Haute as a regional leader in health services. As well, in addition to allowing to AP&S more fully serve the medical needs of the community, it will allow for the future growth of AP&S physician practices.
4. The facility will initially house and retain positions for 33 physicians and 160 staff members. Without new facilities keeping pace with the fast changing health services industry it can be anticipated that there would be loss of key physician and associated staff positions. The physicians' current annual payroll is \$ \$21,849,493.00. The current annual payroll for these full-time staff employees is approximately \$5,837,312.00. (part-time employee positions exist, but are excluded from these figures).

Currently, AP&S has 410 full-time, non-physician, employees earning an average wage of \$17.54 per hour. These employees also receive pension and comprehensive health insurance benefits.

In addition to assisting in retaining positions, this facility will be used to recruit new physicians and staff. It is projected that with the completion of this facility AP&S will recruit new physicians, over the next five years, to be located at this facility as follows:

2011 - 3 new physicians at a compensation level of \$675K;
2012 - 2 new physicians at a compensation level of \$675K;
2013 - 2 new physicians at a compensation level of \$575K;
2014 - 2 new physicians at a compensation level of \$475K; and
2015 - 1 new physician at a compensation level of \$250K.

These physicians will include surgeons, specialists and general internists. Also, it is estimated that 2 full-time staff employee positions would initially be created for each new physician added.

5. Estimate the dollar value of the redevelopment or rehabilitation project:

The estimated cost of completion of the improvements to the real property is approximately \$18,000,000.00.

6. (a) The real property for which tax abatement consideration is petitioned (Property) is owned by the following:

Name, Address, and Interest:

Union Hospital, Inc. 1606 N. 7 th Street Terre Haute, IN 47804	100% interest
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(b) The following other persons lease, intend to lease or have an option to buy the Property (including corporate information as required in 4(a) above, if applicable:

Name, Address, and Interest:

Associated Physicians & Surgeons Clinic III, LLC 221 S. 6 th Street Terre Haute, IN 47807	100% interest
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(c) A brief description of the overall nature of the business and of the operations occurring at the Property:

Petitioner, Associated Physicians & Surgeons Clinic III, LLC (AP&S) proposes the construction of a new medical office building on the Property at an estimated cost of Eighteen Million Dollars (\$18,000,000.00). The proposed facility will be a 4-story medical building, of approximately 104,000 square feet in size located on approximately 7.75 acres of ground which will be leased from Union Hospital, Inc.

7. The commonly known address of the Property is:

The Property is currently undeveloped and no common address has been assigned. The Property is currently on the edge of the Union Hospital campus, consisting of the two blocks located between 6th Street on the West, 6½ Street on the East, 8th Ave. on the North and 6th Ave. on the South. A legal description of the land upon which the project would be built is attached hereto, marked Exhibit A and incorporated herein.

8. An Architectural Site Plan showing the entire tract and the proposed footprint of the proposed new construction and parking lot are attached hereto as Exhibit B and incorporated herein.

9. There are currently no improvements upon the site of the proposed project, other than a paved parking lot.

10. Petitioner is seeking a ten (10) year tax abatement that would provide that during each of the first ten (10) years after rehabilitation tax would abate as follows: The best estimate of the amount of taxes to be abated during each of the ten (10) years after rehabilitation is:

Tax Rate for Harrison Township is expected to be 3.0%, with a replacement credit of 0.

Assumed Assessed Value: \$18,000,000.00

Tax without Abatement: \$540,000.00

<u>ABATEMENT YEAR</u>	<u>ABATEMENT %</u>	<u>TAX ABATED</u>	<u>TAX PAID</u>
1	100%	\$540,000.00	\$0
2	95%	\$513,000.00	\$ 27,000.00
3	80%	\$432,000.00	\$108,000.00
4	65%	\$351,000.00	\$189,000.00
5	50%	\$270,000.00	\$270,000.00
6	40%	\$216,000.00	\$324,000.00
7	30%	\$162,000.00	\$378,000.00
8	20%	\$108,000.00	\$432,000.00
9	10%	\$ 54,000.00	\$486,000.00
10	5%	\$ 27,000.00	\$513,000.00

11. No building permit has been issued for construction on the property in connection with the improvement in question as of the date of filing of this petition. The signature below is verification of this statement.

12. Other anticipated public financing for the project (including, if any, industrial Revenue bonding to be sought or already authorized, assistance through the United States Department of Housing and Urban Development funds from the City of Terre Haute, or other public financial assistance):

It is anticipated that this project will be financed by local lenders. Currently, the Petitioner has not sought or received any other public financing.

13. The property is located in an area that is within the boundaries of the City of Terre Haute, Indiana, which area has become undesirable for, or impossible of, normal development and occupancy as it has existed, as a residential neighborhood, because of a lack of residential development and declining conditions of the housing properties, cessation of growth, and deterioration of improvements which have impaired values or prevented a normal development of property or use of property -- and such is an area declining in tax revenues. Currently, the land is unimproved and there are no assessed improvements.

14. (a) The current use of the Property is undeveloped land and the current zoning is: R-2, Residential.

It is anticipated that the Property will be rezoned to a new zoning classification of: **C-3, Regional Commercial**.

(b) The Property is located in the following Allocation Area (if any) declared and confirmed by the Terre Haute Redevelopment Commission:

None.

15. In view of the foregoing, Associated Physicians & Surgeons Clinic III, LLC in good faith applies for a ten (10) year real property tax abatement.

16. Associated Physicians & Surgeons Clinic III, LLC agrees to enter into an Agreement with the Board of Public Works for the City of Terre Haute, Indiana, in substantially the same form as is attached hereto and made a part hereof as Exhibit "C" and further, Associated Physicians & Surgeons Clinic III, LLC agrees to comply with Special Ordinance 2, 2009 (which replaced Special Ordinance 43, 2000).

17. The following persons should be contacted as the petitioner's agent regarding additional information and public hearing notifications:

Name: Jeffrey A. Lewellyn, Attorney at Law
Address: 333 Ohio Street
City, State, Zip: Terre Haute, IN. 47807
Telephone: (812) 232-4311

18. The type of Economic Development Revitalization project involved in this request:

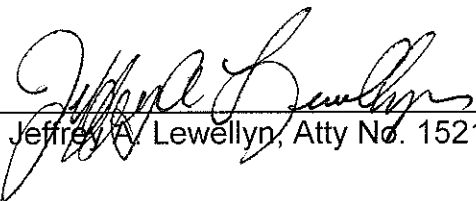
☐ a. Housing
☒ b. Office
☒ c. Retail/Commercial
☐ d. Mixed Use – Retail, Housing and Office*
☐ e. Industrial
☐ f. Warehousing

WHEREFORE, petitioner request that the Common Council of the City of Terre Haute, Indiana, adopt a declaratory resolution designating the area described herein to be an economic revitalization area for purposes of real property tax abatement consideration and, after publication of notice and public hearing, determine qualifications for an economic revitalization area have been met and confirm such resolution.

Name of Property Owner(s):

Associated Physicians & Surgeons Clinic III, LLC

By 
Patrick S. Board, CEO

By: 
Jeffrey A. Lewellyn, Atty No. 15216-34

DO NOT USE THIS SPACE

Resolution # _____	Target Area Required
	Yes _____ No _____

Confirming Ordinance # _____
Date of Notice _____

Final Action _____
Target Area Ord. Effective _____

This instrument prepared by Jeffrey A. Lewellyn, Attorney,
333 Ohio Street, Terre Haute, IN 47807.

EXHIBIT A

(Legal Description)

Lot Numbers 1 through 21 in Parkside Subdivision, as recorded in Plat Record 12, Page 42, the same being a Replat of Lots 1-2-3-4-5-6-7-9-10-11-12-13-14-15-16-17-18-19-20-21 of J.E. Voorhees Subdivision of Lot No. 20 of Section 16, Township 12 North, Range 9 West, as recorded in Plat Record 4, Page 31 of the records of the Recorder's Office of Vigo County, Indiana.

ALSO

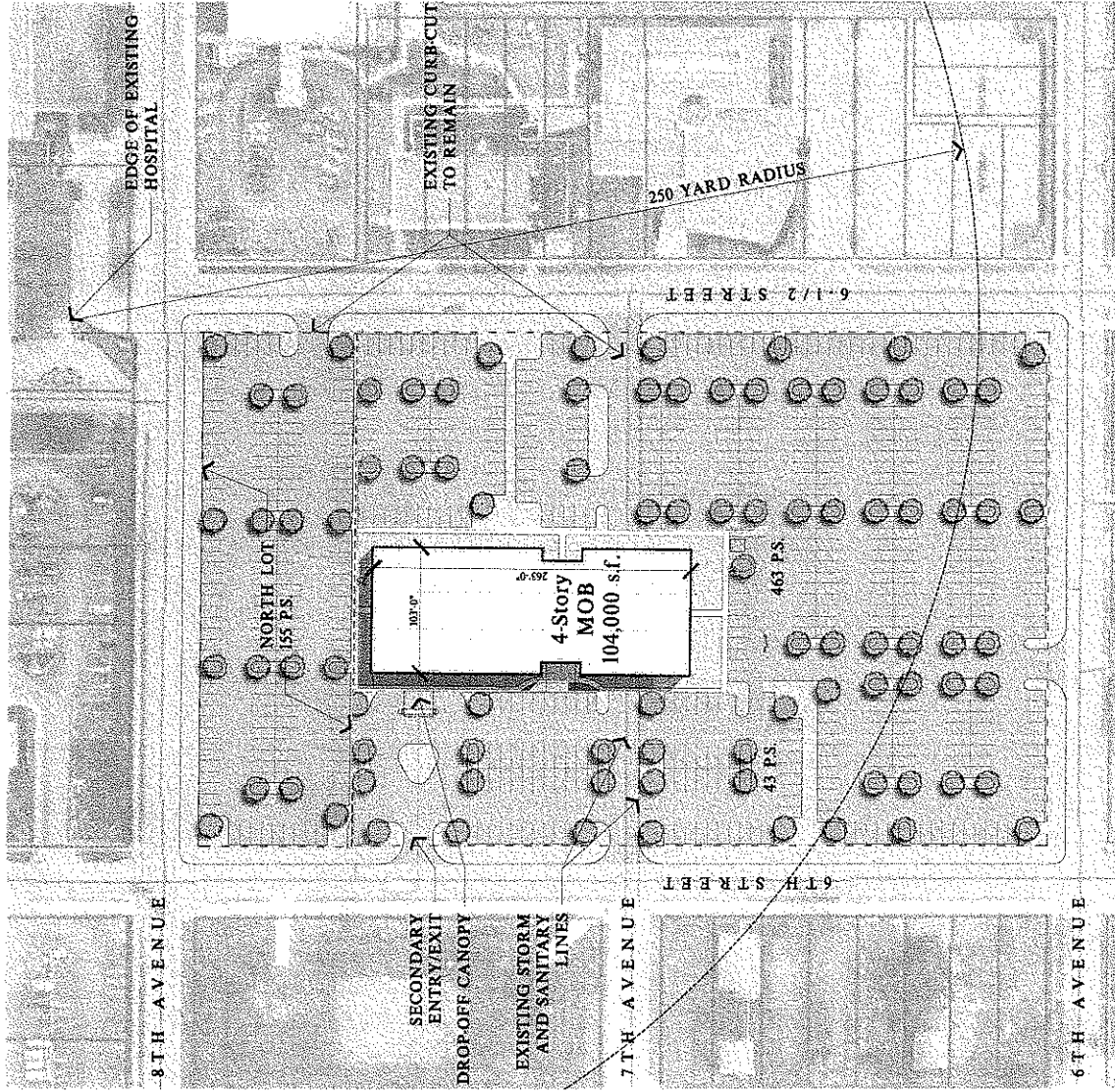
Voorhees Sub (1502 N 6-1/2 St) 16-12-9 Lot 8

ALSO

Lot Numbers 17 through 32 in Porterfield Place Subdivision, a Subdivision of Lots No. 29 and 30 in the Subdivision of Section 16, Township 12 North, Range 9 West, as recorded in the records of the Recorder's Office of Vigo County, Indiana.

EXHIBIT B

(Site Plan)



4-Story MOB
104,000 s.f.

Parking Required:

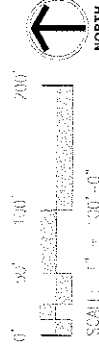
Medical Office @ 5/1000

104,000 x .005 = 520 p.s.

Professional Office @ 3.5/1000

104,000 x .0035 = 364 p.s.

Schematic Site Plan



UAP CLINIC
TERRE HAUTE, INDIANA
MARCH 23, 2011 11026



CSO Architects

EXHIBIT C

(Board of Works Agreement)

AGREEMENT

This Agreement (the "Agreement") dated as of the ____ day of _____, 2011, serves as a confirmation of the Associated Physicians & Surgeons Clinic III, LLC (the "Applicant") commitment, pending a _____, 2011, public hearing, to comply with the project description, and job employment and retention (and associated wage rates and salaries) figures contained in its designation application, Statement of Benefits, the Preliminary Economic Revitalization Area Resolution No. 04, 2011, and attachments adopted by the Common Council of the City of Terre Haute, Indiana (the "Council") on Thursday, _____, 2012, and this Agreement (the "Commitment").

Subject to the adoption of a Final Economic Revitalization Area Resolution by the Council, the City of Terre Haute, Indiana (the "City") commits to providing a ten (10) year real property tax abatement for the Applicant's capital expenditure of up to \$18,000,000.00 associated with the construction of the Commitments. The capital expenditure of the Project and the filling of such positions shall occur within three (3) years of the estimated completion date of October, 2011, contained in the approved Statement of Benefits Form SB-1 (the "Commitment Date").

During the term of the abatement, the city may annually request information from the Applicant concerning the status of the Project, the approval capital expenditure for the Project, the number of full-time permanent positions created by the Project, and the average wage rates and salaries (excluding benefits & overtime) associated with the position, and the Applicant shall provide the City with adequate written evidence thereof within 15 days of such request (the "Annual Survey"). The applicant shall provide a copy of the annual CF1 to the Board of Public Works and Safety at the same time the CF1 is filed with the County. The City shall utilize this information to verify that the Applicant has complied with the commitments contained in "the Commitments" at all times after the Commitment Date and during the duration of the abatement. The Applicant further agrees to provide the City with such additional information requested by the City related to the information provided in the Annual Survey and the CF-1 form within a reasonable time following any such additional request.

The City, by and through the Council, reserves the right to terminate the Economic Revitalization Area designation and associated property tax

abatement deductions if it determines that the Applicant has not made reasonable efforts to substantially comply with all the commitments, and the Applicant's failure to substantially comply with the Commitments was not due to factors beyond its control. As used in the Agreement, "substantial compliance" shall mean the Applicant's compliance with the following: Making capital expenditures of up to \$18,000,000.00 for the Project.

As used in this Agreement, factors beyond the control of the applicant shall only include factors not reasonably foreseeable at the time of the designation application and submission of Statement of Benefits which are not caused by any act or omission of the Applicant and which materially and adversely affect the ability of the Applicant to substantially comply with this Agreement.

If the City terminates the Economic Revitalization Area designation and associated tax abatement deductions, it may require the Applicant to repay the City all or a portion of the tax abatement savings received through the date of such termination. The amount of tax abatement required to be repaid for each year of noncompliance shall not exceed an amount equal to the percentage by which the Applicant has failed to attain substantial compliance in position retention and/or creation and average hourly wage rate and salary categories multiplied by the dollar amount of taxes actually abated. If the Applicant fails to substantially comply with more than one of the aforementioned categories, repayment shall be based on the highest level of noncompliance.

If any at time during the term of this Agreement, whether before or after the Commitment Date, the Applicant shall: (i) cease operations at the facility for which the tax abatement was granted; or (ii) announce the cessation of operations at such facility, then the City may immediately terminate the Economic Revitalization Area designation and associated future tax abatement deductions.

In the event the City requires repayment of the tax abatement savings as provided hereunder, it shall provide Applicant with a written statement calculation the amount due (the "Statement"), and Applicant shall make such repayment to the City within 30 days of the date of the Statement. If the Applicant does not make timely repayment, the City shall be entitled to all reasonable costs and attorney fees incurred in the enforcement and collection of the tax abatement savings required to be repaid hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

“Applicant”

Board of Public Works & Safety
City of Terre Haute

Associated Physicians & Surgeons
Clinic III, LLC

By: 
Patrick S. Board, CEO

Approved as to Legal Adequacy and Form on this ____ day of _____, 2011.

By: _____

Title: _____



STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51767 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

20__ PAY 20__

FORM SB-1 / Real Property

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- ☐ Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
☐ Eligible vacant building (IC 6-1.1-12.1-4.8)

INSTRUCTIONS:

- This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise this statement must be submitted to the designating body **BEFORE** the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987, and areas designated after July 1, 1987, require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
- Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to initiation of the redevelopment or rehabilitation, **BEFORE** a deduction may be approved.
- To obtain a deduction, application Form 322 ERA/RE or Form 322 ERA/VBD, Whichever is applicable, must be filed with the County Auditor by the later of: (1) May 10; or (2) thirty (30) days after the notice of addition to assessed valuation or new assessment is mailed to the property owner at the address shown on the records of the township assessor.
- Property owners whose Statement of Benefits was approved after June 30, 1991, must attach a Form CF-1/Real Property annually to the application to show compliance with the Statement of Benefits. [IC 6-1.1-12.1-5.1(b) and IC 6-1.1-12.1-5.3(j)]
- The schedules established under IC 6-1.1-12.1-4(d) for rehabilitated property and under IC 6-1.1-12.1-4.8(1) for vacant buildings apply to any statement of benefits approved on or after July 1, 2000. The schedules effective prior to July 1, 2000, shall continue to apply to a statement of benefits filed before July 1, 2000.

SECTION 1

TAXPAYER INFORMATION

Name of taxpayer

Associated Physicians & Surgeons Clinic III, LLC

Address of taxpayer (number and street, city, state, and ZIP code)

221 S. 6th Street, Terre Haute, IN 47807

Name of contact person

Patrick S. Board

Telephone number

(812) 232-3758

E-mail address

psboard@uapclinic.com

SECTION 2

LOCATION AND DESCRIPTION OF PROPOSED PROJECT

Name of designating body

Common Council, City of Terre Haute, IN

Resolution number

04-2011

Location of property

See Exhibit A

County

Vigo

DLGF taxing district number

Description of real property improvements, redevelopment, or rehabilitation (use additional sheets if necessary)

See Attachment No. 1

Estimated start date (month, day, year)

August 2011

Estimated completion date (month, day, year)

October 2012

SECTION 3

ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT

Current number

Salaries

Number retained

Salaries

Number additional

Salaries

See Attachment No. 2

See Attachment No. 2

See Attachment No. 2

SECTION 4

ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT

NOTE: Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the **COST** of the property is confidential.

REAL ESTATE IMPROVEMENTS

COST

ASSESSED VALUE

Current values

0.00

0

Plus estimated values of proposed project

\$18,000,000.00

\$18,000,000.00

Less values of any property being replaced

0.00

0.00

Net estimated values upon completion of project

\$18,000,000.00

\$18,000,000.00

SECTION 5

WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

Estimated solid waste converted (pounds) 0

Estimated hazardous waste converted (pounds) 0

Other benefits

AP&S Clinic employees receive pension and comprehensive health benefits. Also, the construction of the real estate improvements would involve utilization of a significant labor force of an estimated 150 union laborers at common construction wages and the use of local suppliers whenever feasible.

SECTION 6

TAXPAYER CERTIFICATION

I hereby certify that the representations in this statement are true.

Signature of authorized representative

Title

Date signed (month, day, year)

CEO

8/9/2011

Patrick S. Board

FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this Economic Revitalization Area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1, provides for the following limitations:

- A. The designated area has been limited to a period of time not to exceed _____ calendar years * (see below). The date this designation expires is _____.
- B. The type of deduction that is allowed in the designated area is limited to:
- | | | |
|--|------------------------------|-----------------------------|
| 1. Redevelopment or rehabilitation of real estate improvements | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Residentially distressed areas | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Occupancy of a vacant building | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
- C. The amount of the deduction applicable is limited to \$ _____.
- D. Other limitations or conditions (specify) _____
- E. The deduction is allowed for _____ years* (see below).

We have also reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved (signature and title of authorized member of designating body)	Telephone number	Date signed (month, day, year)
Attested by (signature and title of attester)	Designated body	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.12-12.1-4.

- A. For residentially distressed areas, the deduction period may not exceed five (5) years.
- B. For redevelopment and rehabilitation or real estate improvements:
1. If the Economic Revitalization Area was designated prior to July 1, 2000, the deduction period is limited to three (3), six (6), or ten (10) years.
 2. If the Economic Revitalization Area was designated after June 20, 2000, the deduction period may not exceed ten (10) years.
- C. For vacant buildings, the deduction period may not exceed two (2) years.

Exhibit A
Attachment No. 1

Description of real property improvements:

Legal Description:

Lot Numbers 1 through 21 in Parkside Subdivision, as recorded in Plat Record 12, Page 42, the same being a Replat of Lots 1-2-3-4-5-6-7-9-10-11-12-13-14-15-16-17-18-19-20-21 of J.E. Voorhees Subdivision of Lot No. 20 of Section 16, Township 12 North, Range 9 West, as recorded in Plat Record 4, Page 31 of the records of the Recorder's Office of Vigo County, Indiana.

ALSO

Voorhees Sub (1502 N 6-1/2 St) 16-12-9 Lot 8

ALSO

Lot Numbers 17 through 32 in Porterfield Place Subdivision, a Subdivision of Lots No. 29 and 30 in the Subdivision of Section 16, Township 12 North, Range 9 West, as recorded in the records of the Recorder's Office of Vigo County, Indiana.

Description of Improvements:

The real property improvements shall consist of the construction of a new medical office building on the land at an estimated cost of Eighteen Million Dollars (\$18,000,000.00). The proposed facility will be a 4-story medical building, of approximately 104,000 square feet in size located on approximately 7.75 acres of ground which will be leased from Union Hospital, Inc.

Attachment No. 2

Estimate of Employees and Salaries as a result of proposed project:

Number of Current and Retained Employees

Salaries

The facility will initially house and retain positions for 33 physicians and 160 staff members.

The current annual payroll for these physicians' is approximately \$ \$21,849,493.00.

The current annual payroll for these full-time staff employees is approximately \$5,837,312.00. (part-time employee positions exist, but are excluded from these figures).

Number of Additional Employees

Salaries

It is projected that with the completion of this facility AP&S will recruit new physicians, over the next five years, to be located at this facility, as follows:

- 2011 - 3 new physicians at a compensation level of \$675K;
- 2012 - 2 new physicians at a compensation level of \$675K;
- 2013 - 2 new physicians at a compensation level of \$575K;
- 2014 - 2 new physicians at a compensation level of \$475K; and
- 2015 - 1 new physician at a compensation level of \$250K.

These physicians will include surgeons, specialists and family practitioners. Also, it is estimated that 2 full-time staff employee positions would initially be created for each new physician added, at annual salaries of approximately \$36,000.00 each.

CITY OF TERRE HAUTE
PROPERTY TAX ABATEMENT PROGRAM APPLICATION

Ownership Information

Name	Address	Phone	Percentage Interest (if applicable)
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(a) The real property for which tax abatement consideration is petitioned (Property) is owned by the following:

Name, Address, and Interest:	Contact:
Union Hospital, Inc. 1606 N. 7 th Street Terre Haute, IN 47804	B. Curtis Wilkinson, Attorney 333 Ohio St. Terre Haute, IN 47807
100% interest in real estate	

(b) The following other persons lease, intend to lease or have an option to buy the Property is held by the following:

Name, Address, and Interest:	Contact:
Associated Physicians & Surgeons Clinic III, LLC 221 S. 6 th Street Terre Haute, IN 47807	Jeffrey A. Lewellyn, Attorney 333 Ohio St. Terre Haute, IN 47807
100% interest in the building improvements	

Note: If the owner is a corporation, list the name, address and telephone number for the contact person representing the corporation.

If the owner is a partnership, list the name, address and telephone number of each general and/or limited partner and the percentage of interest in the property held by each general and/or limited partner.

If the owner is a sole proprietor, list the name, address and telephone number of the proprietor.

Property Description

A. Street Address: 601-645 8th Ave.; 618 7th Ave.; 620 6th Ave.;
1401-1517 N. 6th St.; and 1400-1530 N. 6½ St.

No common address has been assigned to the Property as a whole. The Property is currently on the southern edge of the Union Hospital campus, consisting of the 2 blocks located between 6th Street on the West, 6½ Street on the East, 8th Ave. on the North and 6th Ave. on the South. A legal description of the land upon which the project would be built is attached hereto, marked Exhibit A and incorporated herein.

B. Parcel ID Number(s): See attachment.

Current Status of Property

A. Current zoning designation of property:

The current zoning is: R-2, Residential.

It is anticipated that the Property will be rezoned to a new zoning classification of: C-3, Regional Commercial.

B. Describe current improvements to the property, including estimated age of existing buildings:

The Property is currently undeveloped land with no existing buildings, but is a paved parking lot used in conjunction with Union Hospital.

C. Describe the current use of the property, including the names of businesses currently operating (if applicable) and the current number of jobs (if applicable):

The Property is currently undeveloped land with no existing buildings, but is a paved parking lot used in conjunction with Union Hospital.

D. Current total assessed valuation of land and all improvements:

The land currently has no improvements on it, other than a paved parking lot, and is owned by Union Hospital, and therefore, currently exempt from taxation.

E. Describe any unique historical structure or aesthetic improvements:

None.

Proposed Improvements

A. Describe proposed real property improvements and projected costs:

Petitioner, Associated Physicians & Surgeons Clinic III, LLC (AP&S) proposes the construction of a medical office building on the Property at an estimated cost of Eighteen Million Dollars (\$18,000,000.00). The proposed facility will be a 4-story medical building, approximately 104,000 square feet in size, located on approximately 7.75 acres of ground which will be leased from Union Hospital, Inc.

B. Describe proposed depreciable personal property improvements and projected costs:

The proposed depreciable personal property improvements are estimated to be approximately \$Two Million.

C. List any public infrastructure improvements, with estimated costs, that will be necessary for the project:

It is not anticipated that any new public infrastructure improvements will be required for the project.

D. Project Start Date:

It is anticipated that the project start date will be within the month of July or August 2011, subject to execution of a ground lease with Union Hospital, Inc.

E. Project Completion Date:

It is anticipated that the project completion will be within 14 months of the starting date.

Eligibility

A. State reasons why the project site qualifies as an Economic Revitalization Area as defined under State Law, i.e., lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings or other factors that have impaired values or prevent a normal development of property or use of property. In the case of manufacturing equipment, also indicate whether or not the area contains a facility or group of facilities that are technologically, economically, or energy obsolete and if the obsolescence may lead to a decline in employment and tax revenues:

The property is located in an area within the boundaries of the City of Terre Haute, Indiana, which area has become undesirable for, or impossible of, normal development and occupancy as a residential neighborhood because of a lack of residential development and declining conditions of the housing properties, cessation of growth, and deterioration of the improvements which have impaired values or prevented a normal development of property or use of property -- and such is an area declining in tax revenues. Currently, the land is unimproved and there are no assessed improvements.

B. State the estimated number of new full-time employees (if applicable) and new employees retained (if applicable). Also include salaries and a description of employee benefits:

The facility will initially house and retain positions for 33 physicians and 160 staff members. Without new facilities keeping pace with the fast changing health services industry it can be anticipated that there would be loss of key physician and associated staff positions.

The physicians' current annual payroll is \$ \$21,849,493.00. The current annual payroll for these full-time staff employees is approximately \$5,837,312.00. (part-time employee positions exist, but are excluded from these figures).

Currently, AP&S has 410 full-time, non-physician, employees earning an average wage of \$17.54 per hour. These employees also receive pension and comprehensive health insurance benefits.

In addition to assisting in retaining positions, this facility will be used to recruit new physicians and staff. It is projected that with the completion of this facility AP&S will recruit new physicians, over the next five years, to be located at this facility as follows:

- 2011 - 3 new physicians at a compensation level of \$675K;
- 2012 - 2 new physicians at a compensation level of \$675K;
- 2013 - 2 new physicians at a compensation level of \$575K;
- 2014 - 2 new physicians at a compensation level of \$475K; and
- 2015 - 1 new physician at a compensation level of \$250K.

These physicians will include surgeons, specialists and general internists. Also, it is estimated that 2 full-time staff employee positions would initially be created for each new physician added.

Description of employee benefits for new and/or retained employees:

The AP&S employees receive pension and comprehensive health insurance benefits.

C. Please attach completed State of Indiana Statement of Benefits form for real property improvements (Form SB — 1/RE) and/or State of Indiana Statement of Benefits form for personal property improvements (Form SB — J/PP) to this application material.

Ineligible Projects

Projects will not be considered if a building permit has already been obtained or construction has been initiated. This is because the decision of the Council to designate the Economic Revitalization Area must be passed on the finding that the area is "undesirable for normal development".

The City Council has the right to void the tax abatement designation awarded to a project if the project has not been initiated within twelve (12) months of the reconfirmation date of the tax abatement resolution, or if the actual use is different than that approved.

Tax abatement for the rehabilitation or development of real property is not eligible for the following types of facilities:

1. Private or commercial golf courses.
2. Country club.
3. Massage parlor.
4. Tennis club.
5. Skating facility (including roller skating, skateboarding or ice skating).
6. Racquet sport facility (including any handball or racquetball court).
7. Hot tub facility.
8. Suntan facility.
9. Racetrack.
10. Any facility the primary purpose of which is:
 - a. retail food and beverage service;
 - b. automobile sales or service; or
 - c. other retail
11. Residential.
12. A package liquor store that holds a liquor dealers permit under IC 7.1-3-10 or any other entity that is required to operate under a license issued under IC 7.1. This subdivision does not apply to an applicant that:
 - (A) was eligible for tax abatement under this chapter before July 1, 1995;
 - (B) is described in IC 7.1-5-7-11; or
 - (C) operates a facility under:
 - (i) a beer wholesaler's permit under IC 7.1-3-3;
 - (ii) a liquor wholesaler's permit under IC 7.1-3-8; or
 - (iii) a wine wholesaler's permit under IC 7.1-3-13.

Certification

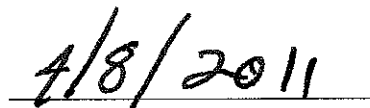
I hereby certify that the representations made in this application are true and I understand that if above improvements are not commenced (defined as obtaining a building permit and actual start of construction) within 12 months of the date of the designation of the above area as an Economic Revitalization Area, the Terre Haute Common Council shall have the right to void such designation.

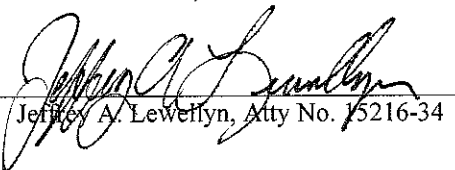
OWNER(S)*

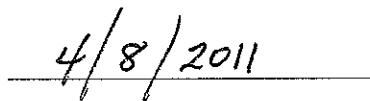
DATE

Associated Physicians & Surgeons Clinic III, LLC

By: 
Patrick S. Board, CEO



By: 
Jeffrey A. Lewellyn, Atty No. 15216-34



* If the entity seeking tax abatement is a corporation, an authorized representative must sign. If the entity is a partnership, all partners must sign. If the entity is a sole proprietorship, the proprietor must sign.

CITY OF TERRE HAUTE

PROPERTY TAX ABATEMENT PROGRAM OVERVIEW AND GUIDELINE SCORING SYSTEM

Program Description

Property tax abatement in Indiana is authorized under Indiana Code 6-1.1-12.1 in the form of deductions from assessed valuation. Any property owner in a locally-designated Economic Revitalization Area (ERA) who makes improvements to the real property or installs eligible new or used personal property (such as manufacturing equipment and certain research and development equipment) is eligible for property tax abatement. Land does not qualify for abatement.

Scoring System

The City of Terre Haute utilizes a scoring system as a guide for determining the appropriate length of time (one of ten time periods can be used) of the property tax abatement(s) being sought for a proposed project. Additional information on the scoring system can be found elsewhere in this document.

Indiana Real Property Assessment Standard

A property's assessed value is the basis for property taxes. Annually, local assessing officials assess the value of real property on March 1 based on market value in use of the property. Property owners can estimate the property taxes for new construction by adding the cost of the land and improvements together and multiplying by the tax rate. For real property tax abatement calculation purposes, the cost of the improvements (the land itself cannot be abated) would be utilized as the real property assessed value. This real property assessment value would then be phased-in over one of ten time periods.

Indiana Personal Property Assessment Standard

Personal property values are assessed March 1 of every year and are self reported by property owners to township assessors using prescribed state forms. Generally speaking, personal property taxes are levied against all tangible property other than real property. Numerous deductions can be applied to personal property. Of course, the value of personal property over time will be subject to depreciation, therefore, applicants are advised to seek the counsel of a financial advisor to determine which asset pool(s) (see following table) would be applicable to their particular project.

Additional information on the State of Indiana's property tax assessment system can be found at the Indiana Department of Local Government Finance website at www.in.gov/dlgf.

Indiana Pools of Assets by Lives Utilized on Federal Tax Return

Year of Acquisition	Pool #1 (1-4 Yrs)	Pool #2 (5-8 Yrs)	Pool #3 (9-12 yrs)	Pool #4 (13+ Yrs)
1	65%	40%	40%	40%
2	50%	56%	60%	60%
3	35%	42%	55%	63%
4	20%	32%	45%	54%
5		24%	37%	46%
6		18%	30%	40%
7		15%	25%	34%
8			20%	29%
9			16%	25%
10			12%	21%
11				15%
12				10%
13				5%

Note: The total valuation of a taxpayer's assessable depreciable personal property in a single taxing district cannot be less than 30% of the adjusted cost of all such property of the taxpayer.

Real Property Abatement Calculation

Real property abatement is a declining percentage of the increase in assessed value of the improvement based on one of the ten following time periods and percentages as determined by the City Council:

	10 Year	9 Year	8 Year	7 Year	6 Year	5 Year	4 Year	3 Year	2 Year	1 Year
Year										
1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2	95%	88%	88%	85%	85%	80%	75%	66%	50%	
3	80%	77%	75%	71%	66%	60%	50%	33%		
4	65%	66%	63%	57%	50%	40%	25%			
5	50%	55%	50%	43%	34%	20%				
6	40%	44%	38%	29%	17%					
7	30%	33%	25%	14%						
8	20%	22%	13%							
9	10%	11%								
10	5%									

Depreciable Personal Property Abatement Calculation

Depreciable personal property tax abatement is a declining percentage of the assessed value of the newly installed manufacturing (and certain research/development and warehousing/distribution equipment), based upon one of the ten time periods and percentages as determined by the City Council:

	10 Year	9 Year	8 Year	7 Year	6 Year	5 Year	4 Year	3 Year	2 Year	1 Year
Year										
1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2	90%	88%	88%	85%	85%	80%	75%	66%	50%	
3	80%	77%	75%	71%	66%	60%	50%	33%		
4	70%	66%	63%	57%	50%	40%	25%			
5	60%	55%	50%	43%	34%	20%				
6	50%	44%	38%	29%	17%					
7	40%	33%	25%	14%						
8	30%	22%	13%							
9	20%	11%								
10	10%									

Project Eligibility Criteria

Decisions to designate areas as Economic Revitalization Areas are determined by the City Council. The City Council utilizes a numerical scoring system as a guide for designating areas as Economic Revitalization Areas within the corporate limits of the City of Terre Haute. Each project is scored on its individual merits. The points system that is utilized to evaluate projects considers the degree of revitalization that the project will have on the surrounding area as well as other facts such as employment (created and/or retained), investment, utilization of local construction firms and labor and so forth.

The following projects will be considered by the Terre Haute City Council for property tax abatement. The real property guideline project scoring criteria can be found in the section entitled “City of Terre Haute Real Property Tax Abatement Guideline Scoring Criteria” on page 8. For projects seeking personal property tax abatement, the “City of Terre Haute Personal Property Tax Abatement Guideline Scoring Criteria” can be found on page 10.

(A.) Manufacturing Project – Local manufacturing projects, local manufacturing-related office structures and local manufacturing-related warehouses that create or preserve employment within the city limits are eligible for property tax abatement. In the case of manufacturing facilities that directly produce product (as well as manufacturing related-warehouses), both real and depreciable personal property are eligible. In the case of manufacturing-related office structures, only real property is eligible for abatement. Also, certain research and development equipment may qualify for depreciable personal property tax abatement.

(B.) Non-Manufacturing Warehouse and Distribution Center Projects – Warehouses and distribution centers not related to a local manufacturing facility may be eligible for both real and depreciable personal property tax abatement. To be eligible for property tax abatement, the facility must substantially serve markets beyond the Terre Haute metropolitan area.

(C.) Office Space Development – Office space developments within the city limits are eligible for real property abatement provided the project substantially serves markets beyond the Terre Haute metropolitan area.

(D.) Historic Preservation – Projects within the city limits that assist in the preservation of buildings of significant historical nature will be considered for real property abatement.

**City of Terre Haute
Real Property Tax Abatement Guideline Scoring Criteria**

Company Name: Associated Physicians & Surgeons Clinic III, LLC

Application Date: April 8, 2011

1. New Real Property Investment	5 points maximum	<u>5</u>
< \$500,000	1	
\$501,000 to \$1,000,000	2	
\$1,000,001 to \$2,000,000	3	
\$2,000,001 to \$3,000,000	4	
\$3,000,001 and up	5	
2. Anticipated New Full-Time Jobs Created Within 5 Years	5 points maximum	<u>3</u>
1 to 10 employees	1	
11 to 20 employees	2	
21 to 30 employees	3	
31 to 40 employees	4	
41 employees and up	5	
3. Anticipated Jobs To Be Retained	5 points maximum	<u>5</u>
1 to 10 employees	1	
11 to 20 employees	2	
21 to 30 employees	3	
31 to 40 employees	4	
41 employees and up	5	
4. Wage Rates	3 points maximum	<u>3</u>
\$7.50 to \$10.00 per hour	0	
\$10.01 to \$12.00 per hour	1	
\$12.01 to \$14.00 per hour	2	
\$14.01 per hour and up	3	
5. Benefits Package	1 point if offered	<u>1</u>
6. Targeted Business	1 point if project is good fit for community	<u>1</u>
7. Community Involvement	1 point if company plans or is already involved in community activities	<u>1</u>
8. Is this project a headquarters or a new project to the community?	1 point if "Yes"	<u>1</u>
9. Diverse Workforce	1 point if applicant maintains an affirmative action plan or other statement of specific goals with respect to employee diversity	<u>1</u>

Total Points 21

Scoring

Length of Real Property Abatement

20 points and up	10 years
18 to 19 points	9 years
16 to 17 points	8 years
14 to 15 points	7 years
12 to 13 points	6 years
10 to 11 points	5 years
8 to 9 points	4 years
6 to 7 points	3 years
4 to 5 points	2 years
2 to 3 points	1 year

Bonus Points

1. Common Construction Wage	Council may award one bonus point if company includes common construction wage requirement in its bid specs	<u>1</u>
2. Contractors Licensed To Do Business in Vigo County	Council may award one bonus point if a substantial percentage of the total fees for construction work associated with the project are paid to companies licensed to do business in Vigo County	<u>1</u>
3. Materials and Supplies From Vigo County Vendors	Council may award one bonus point if the applicant commits to purchase a substantial amount of materials and supplies for the construction work associated with the project from Vigo County-based vendors	<u>1</u>
4. Existing Facility	Council may award one bonus point for use, reuse, rehabilitation and/or expansion of an existing facility	<u> </u>
5. Mentoring/Intern Program	Council may award one bonus point if applicant pledges to participate in a mentoring or intern program associated with a Vigo County educational institution	<u> </u>

Total Bonus Points 3

Grand Total Points 24

Recommended Length of Real Property Abatement
Per Guideline Scoring Criteria

10 Years